14 November 2013

Statement by the Eurogroup on Spain

We congratulated Spain on the successful implementation of its financial sector programme and the ambitious reform steps undertaken thus far. This is also confirmed by the assessment of the Commission, in liaison with the ECB on the fourth review that we discussed today as well as the independent assessment of the IMF. In this respect we also look forward to the completion of the fifth and final review, which should confirm this positive assessment.

We are fully supportive of Spain's decision not to request any successor ESM financial assistance following the programme exit in January 2014.

This is based on the fact that the ESM financial assistance and reform programme has proven to be successful in addressing financial sector vulnerabilities. The overall situation of the Spanish banking sector has significantly improved, including the access to funding markets of Spanish banks. In this respect, we also welcome the encouraging results of the recent forward-looking evaluation of the solvency of Spanish banks by the Banco de España. The process of bank restructuring is well underway and the burden-sharing exercise has been completed. We also noted with satisfaction that the regulatory and supervisory framework of the Spanish banking sector has been significantly strengthened, which translates into higher shock resilience of the banking sector.

Spain is making significant advances in its ambitious structural reform agenda, broadly in line with its Country Specific Recommendations. Progress has been made in budgetary consolidation and macro-economic imbalances have diminished. We welcomed that these achievements have started to be reflected in the recent economic figures, which show that the Spanish economy returned to positive growth, as well as positive financial market developments, showing improved market confidence.

We call on the Spanish authorities to rigorously continue the reform momentum to address any remaining challenges regarding the economic and fiscal situation, including the high unemployment rate and the vulnerabilities stemming from the still high private and external debt.

Spain is a living example that EU-IMF adjustment programmes are successful provided there is a strong ownership and genuine commitment to reforms. We commend the Spanish people for their efforts and achievements under difficult circumstances. The success of the Spanish financial assistance programme also clearly illustrates our resolve to work together to ensure the cohesion and stability of the euro area.